

Message Text

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PAGE 01 STOCKH 03087 221523Z
ACTION EUR-12

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TO SECSTATE WASHDC 1164
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY PARIS
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UNCLAS STOCKHOLM 3087

BRUSSELS FOR USEEC, PARIS FOR USOECD

E.O. 11652: N/A
TAGS: ETRD, JA, SP, SW
SUBJECT: PRESSURES MOUNT FOR SWEDISH GOVERNMENT TO INTRODUCE
IMPORT LICENSING REQUIREMENT FOR STEEL

1. ACCORDING TO A REPORT IN THE LATEST ISSUE OF THE
AUTHORITATIVE WEEKLY BUSINESS JOURNAL VECKANS AFFARER,
RECENT INDICATIONS OF SHARPLY RISING STEEL IMPORTS COULD
RESULT IN THE INTRODUCTION BY THE SWEDISH GOVERNMENT OF
SOME FORM OF IMPORT CONTROL. JERNKONTORET, THE CENTRAL
ORGANIZATION OF THE SWEDISH STEEL INDUSTRY, HAS REPORTEDLY
DEMANDED THAT ALL IMPORTS OF STEEL INTO SWEDEN BE SUBJECT
TO LICENSE. THE SWEDISH MINISTRY OF COMMERCE IS SAID
TO BE LOOKING INTO THE MATTER OF HOW SUCH IMPORTS COULD
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BE REGULATED WITHOUT DISTURBING SWEDEN'S INTERNATIONAL
TRADE RELATIONS.

2. THE SWEDISH STEEL INDUSTRY MAINTAINS ITS DEMAND
IS MOTIVATED BY THE CONTINUING SHARP INCREASE IN STEEL
IMPORTS, NOTABLY FROM JAPAN AND SPAIN. IMPORTS OF
FINISHED STEEL FROM JAPAN DURING THE FIRST CALENDAR

QUARTER OF 1977 WERE REPORTEDLY 133 PERCENT ABOVE THE LEVEL OF THE CORRESPONDING QUARTER OF 1976. THE IMPORTS FROM SPAIN WERE 33 PERCENT ABOVE THE LEVEL OF THE SIMILAR 1976 PERIOD. AS A RESULT OF THE SWELLING IMPORTS, THE NOW REPORTEDLY ACCOUNT FOR NO LESS THAN ONE HALF OF SWEDEN'S TOTAL STEEL CONSUMPTION.

3. HANS VON DELLVIG, A TOP-LEVEL OFFICIAL OF JERNKONTORET, EXPLAINED THAT THE IMPORT LICENSING REQUIREMENT DEMANDED BY THE SWEDISH STEEL INDUSTRY IS ONLY INTENDED TO GIVE THE DOMESTIC INDUSTRY A POSSIBILITY OF KEEPING AN EYE ON THE TONNAGE OF STEEL BEING IMPORTED. VON DELLVIG CLAIMED THIS WAS NOTHING NEW SINCE THE PROCEDURE IS BEING FOLLOWED IN THE EUROPEAN COMMUNITY UNDER THE D'AVIGNON PLAN. "ALL WE ARE ASKING FOR IS A POSSIBILITY TO COMPETE UNDER THE SAME CONDITIONS AS THOSE PREVAILING IN THE EUROPEAN COMMUNITY," SAID VON DELLVIG.

4. JOHAN NORDENFALK, UNDER SECRETARY OF THE SWEDISH MINISTRY OF COMMERCE, CONFIRMED THAT THE MATTER IS UNDER CONSIDERATION WITHIN THE GOVERNMENT. HE INDICATED THAT HE WOULD PREFER TO SEE A SOLUTION OF THE CURRENT PROBLEMS OF THE STEEL TRADE UNDER AN OVERALL AGREEMENT AMONG THE OECD NATIONS. HE DREW ATTENTION TO SWEDEN'S DEPENDENCE ON FREE TRADE AND EMPHASIZED THAT SWEDEN WOULD NOT WANT TO CONTRIBUTE TO WHAT HE CALLED UNCLASSIFIED

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"AN ESCALATION OF THE DETERIORATION OF WORLD TRADE WHICH IS IN PROGRESS."

5. SWEDEN'S IMPORTS OF STEEL FROM STATE TRADING COUNTRIES ALSO ROSE MARKEDLY DURING 1976. OFFICIAL STATISTICS INDICATE THAT THEY WERE ABOUT TWICE AS LARGE IN 1976 AS IN 1975, IN TERMS OF TONNAGE. STEEL IMPORTS FROM STATE TRADING COUNTRIES, HOWEVER, REMAIN SUBJECT TO IMPORT LICENSE.

6. ACCORDING TO OFFICIAL SWEDISH STATISTICS, THE IMPORTS OF FINISHED STEEL FROM JAPAN SWELLED TO 107,271 METRIC TONS IN THE FIRST THREE MONTHS OF 1977 FROM 45,827 TONS IN THE CORRESPONDING QUARTER OF 1976. THE IMPORTS FROM SPAIN ROSE TO 8,005 TONS FROM 5,682 TONS. THE IMPORTS FROM SPAIN ARE NOT VERY LARGE AS SUCH, BUT THE STEEP INCREASE IN THESE IMPORTS IS CAUSING GROWING CONCERN IN SWEDISH STEEL CIRCLES SINCE THEY CONSIST LARGELY OF CONCRETE REINFORCEMENT BARS, AN ITEM WITH RESPECT TO WHICH DOMESTIC MANUFACTURERS ARE PARTICULARLY HARD PRESSED.
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